



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

February 21, 2012

The Honorable Peter Shumlin
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Shumlin:

During the week of October 24, 2010, staff from the State Fiscal Stabilization Fund (SFSF) program from the U.S. Department of Education (the Department) conducted the first of two monitoring reviews of your State's implementation of the SFSF program. Your State's SFSF contacts were extremely helpful in coordinating and responding to this review.

During the monitoring review, we discussed your State's policies, procedures, and activities related to the SFSF program. We spoke with officials at local educational agencies (LEAs) and public institutions of higher education (IHEs) that received Education Stabilization Fund grants, as well as representatives of entities that received Government Services Fund grants. A complete description of the scope of the monitoring review and the SFSF monitoring protocols are available on the Department's website at www.ed.gov/programs/statestabilization/applicant.html.

The Department found that the State implemented the program expeditiously and effectively in order to meet the financial needs of LEAs and other State agencies. This report demonstrates Vermont's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency.

The Department identified three issues regarding the fiscal oversight of funds. First, the original SFSF grant agreement between an LEA and the State, signed in September 2009, did not include the required General Education Provisions Act (GEPA) assurances. All participating LEAs submitted an amendment to this agreement in February 2010, which included these GEPA assurances. Second, the State did not evaluate the number of jobs

www.ed.gov

400 MARYLAND AVE., SW, WASHINGTON, DC 20202

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

that LEAs reported as saved or created with SFSF funds on their quarterly 1512 reports, nor did it provide updated guidance to LEA subrecipients when Federal 1512 reporting guidance changed. Since the monitoring review, the State has established appropriate policies and procedures to comply with all reporting requirements. Third, the Department could not verify that all SFSF funds were used for allowable purposes. Since the monitoring review, the State has provided documentation demonstrating that SFSF funds allocated to LEAs were used for allowable activities. Because the State has taken the actions noted above, there are no outstanding issues for the State to resolve.

The Department is grateful for the cooperation and responsiveness of the staff in Vermont. Monitoring not only helps States to achieve high-quality implementation but also helps the Department to improve its role as an advisor and partner with States in this effort. As we work together, we want this process to be interactive and helpful.

We will be contacting your office in the future to schedule the second monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in Vermont who are working on this critical educational initiative.

Sincerely,

//s//

Ann Whalen
Director, Policy and Program Implementation
Implementation and Support Unit

cc: Brad James